AZ LIFE dac

Solvency and Financial Condition Report

As at December 31, 2018

Summary

The European regulatory regime for insurance companies, also known as Solvency II, came into force with effect from 1st January 2016. Such regime requires new reporting and public disclosure arrangements, some of which are to be published on the Company's website, as appropriate. The Company's first Solvency and Financial Condition Report ("SFCR") was produced during 2017, in relation to 2016 year end.

The content of this SFCR is prescribed by the regulation and contains the following sections: Business and Performance, System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The responsibility of public disclosure is ultimately held by the Board of Directors (the "Board") supported by other functions in the Company (such as Finance, Risk, Compliance and Actuarial Functions) in order monitor and manage the business.

The Company's business model as a life assurance Company is to establish and manage unit-linked policies which are sold cross-border into the Italian market, under the freedom of establishment regime. The Company has a distribution agreement in place with one single distributor, Azimut Financial Insurance, which is a company of the Azimut Group.

The business continued being at a considerable level during 2018, notwithstanding phases of negative collection, also due to adverse financial markets conditions, when most asset classes were affected by negative performance. As a consequence, the number of policies and the level of assets under management reduced, after several years of continuous growth, whereas the underlying risk profile of the Company remained substantially unchanged. However, during the year, the Company completed the revision of its products offer, also in order to meet the requirement of the Insurance Distribution Directive ("IDD"), entered into force on October 1st, 2018, and such revision affected mainly the level of the Own Funds and the SCR of the Company, while the Solvency Ratio remained at similar levels. The Solvency II ratio reduced from 234% at 31st December 2017 to 214% at 31st December 2018. The amount of SCR as of the end of 2018 was equal to €123.3 million and the amount of eligible own funds to cover the SCR was equal to €263.8 million, consisting of all Tier 1 asset: €0.65 million as Ordinary Share Capital, €9.35 million as capital contribution, approved by the Central Bank of Ireland as own fund Tier 1 and €253.8 as reconciliation reserve. The Own Funds are reported net of the amount of € 15 Million of foreseeable dividends the Company intends to pay in 2019 in relation to its 2018 result. The same own funds are eligible to meet MCR, which amounts to € 38.5 million.

The below table reports the main indicators for the underwriting performance of the Company.

€/000	**31/12/2017**	**31/12/2018**	**2018 vs 2017**
Premiums Earned	1,525,923	630,945	-59%
of which classified as premiums within FS	*5,776*	*€4,467*	+23%
Claims and benefit incurred	1,243,961	1,190,375	-4%
Of which classified as claims within FS	*172,965*	*167,200*	-3%
Unit Linked Fund at the beginning of the year	6,446,059	6,700,283	+4%
Unit Linked Fund at the end of the year	6,700,283	5,682,438	-15%

Detailed below is the composition of premium earned by product:

€/000	2018
Pleiadi (Galaxy)	10,618
Star (Galaxy)	23,580
AZ Style (Galaxy)	264,792
AZ Infinity Life	133,240
AZ Navigator & Plus	198,715
Total	630,945

As mentioned above, the distribution into the Italian market is carried by a single distributor, hence all the premium refers to its activity.

The Company is required to hold sufficient assets to match the policyholders liabilities at all times and the Board has the primary responsibility to ensure the Company has the adequate level of capital to cover its solvency needs, in relation to the nature and scale of the business, and to fulfil any liquidity obligation in the short to medium term.

The Company's financial year end is 31st December each year and it reports its results in Euro.

The Company is classified as a Medium High Risk firm under the Central Bank of Ireland ("CBI")'s risk-based framework for the supervision of regulated firms, known as PRISM or Probability Risk and Impact System. The Company is subject, in relation to its governance, to the provisions of the Companies Act of 2014 and the CBI's Corporate Governance Requirements for Insurance Undertakings of 2015.

The Board and Relevant Officers have primary responsibility for ensuring that the Company is suitably managed and directed. Accordingly, it is of paramount importance that the Directors and Relevant Officers of AZ Life have integrity and are suitable, as these individuals can have significant and direct impact on the safety, soundness and reputation of the Company and the Azimut Group (the "Group") of which the Company is part.

The Company has established a 'Fit and Proper' policy to ensure that existing and new Directors and Relevant Officers of the Company are fit and proper: appropriate for the position to which they may be appointed and continue to be fit and proper while they hold their position.

The Board of Directors of the Company retain ultimate responsibility for the oversight of the business and the definition of the Company's general strategies and risk appetite. The implementation of the strategy is mandated to the executive management in Dublin.

As of 31.12.2018, the Board had established four committees, among which Products and Investment operate as executive committees:

- Audit Committee;
- Risk and Compliance Committee;
- Products Committee;
- Investment Committee.

In addition to the committees, a periodical Senior Management Governance Forum ("SMGF") operates, as the venue and occasion for sharing information and for discussing aspects, including relevant risk issues across the 3 lines of defence.

During 2018, the Company further re-arranged its governance structure, following the steps implemented in 2017, by revising and appointing new persons in the role of General Manager, CFO and Head of Compliance. In addition, light rearrangements of the Products and Investment Committees structures took place.

AZ Life focuses on increasing income by increasing the net assets under management. This is achieved by generating new business whilst reducing lapses.

The Company does not aim at taking on any liquidity risk and so maintains appropriate capital to cover this. However, the Italian tax prepayment combined with high sales volume have the potential to threaten liquidity. The management recently adopted the strategy to mitigate such risk when the products offer of the Company was reviewed, by adopting a homogeneous pricing regime across all the products offered.

Another key risk faced by the Company presents itself in a scenario with higher than expected lapses and adverse market impacts, leading to a fall on the Assets Under Management and to reduction of both the immediate annual income and the capitalised value of projected future income.

It should be noted that whilst a fall on the Assets Under Management would reduce both immediate income and the capitalised value of the projected future income stream, it would also reduce some of the expenses and the associated SCR, so would not have a significant impact on the Solvency II ratio.

A. BUSINESS AND PERFORMANCE

A.1 Business and external environment

AZ Life dac is a Regulated unit-linked life assurance private company limited by shares. The Company's registered office is: 1st Floor, Block 5, Irish Life Centre, Abbey Street Lower, Dublin, D01 P767, Ireland.

The responsibility for the financial supervision of the Company lies with the Central Bank of Ireland ("CBI"), whose address is: PO Box 559, New Wapping Street, North Wall Quay, Dublin 1, Ireland.

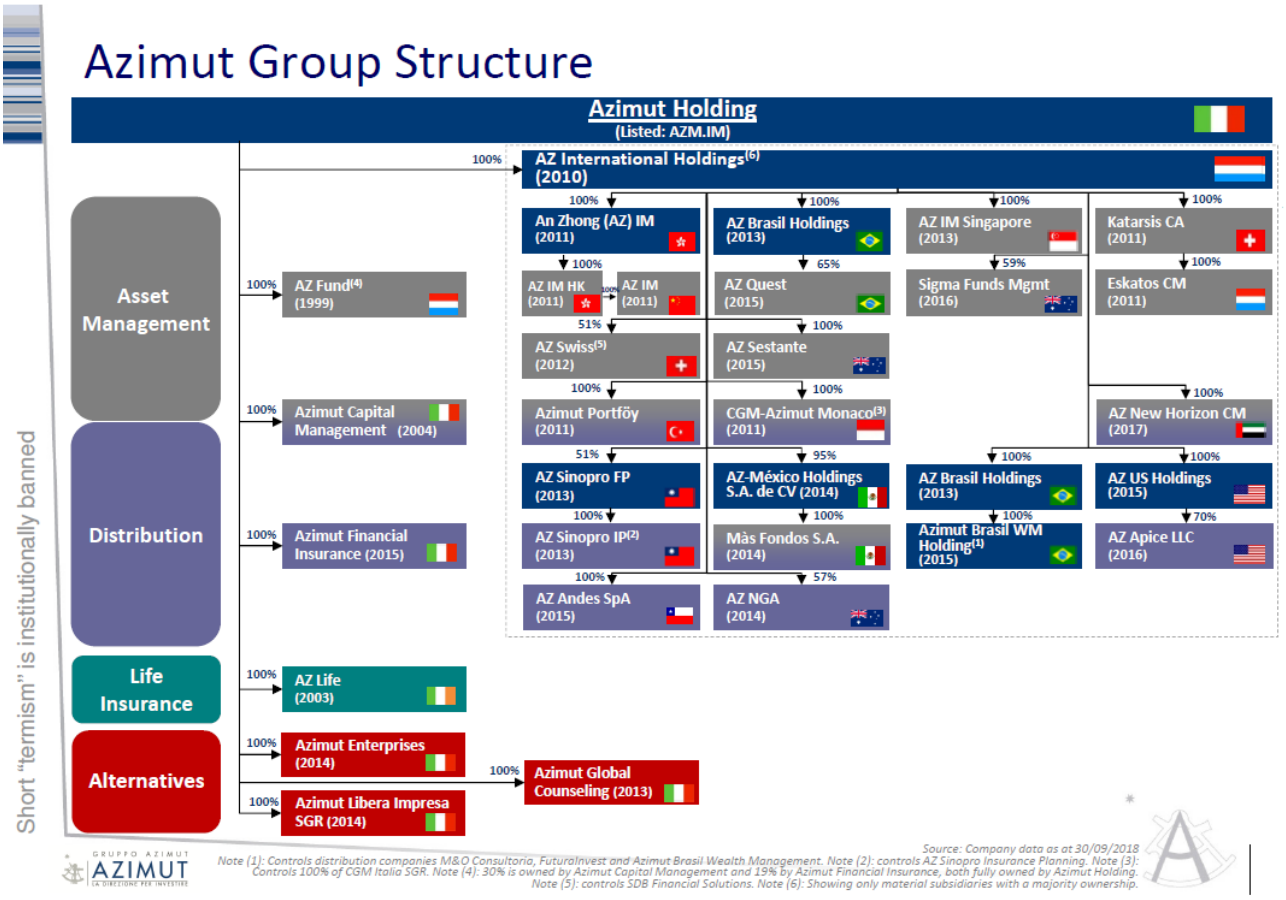
The Company's external auditor is PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm, One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

The Company is wholly owned by Azimut Holding S.p.A. ("Azimut Holding"), an Italian holding company, listed on Milan Stock Exchange and ranked amongst the first 40 companies of the index. The Azimut Group is the largest independent asset management Group in Italy since 1989 with a presence in more than 15 countries all over the world.

The Company is authorized to carry on Class I and III business under the Solvency II Directive, however, currently all policies issued by the Company are classified as "Life insurance obligations – Index-linked and unit-linked insurance" (line of business D(31) as per the SII Directive), through cross-border activity into the Italian market. From 2018, policy administration services are outsourced to Previnet S.p.A., an insurance services provider established in Italy.

No significant events occurred during the reporting period.

The shareholder, Azimut Holding, has the entire stake of the Company and 100% of the voting right as presented in the organisational chart below.



A.2 Performance from underwriting activities

The Company's portfolio was issued in Italy to Italian resident policyholders and only in very few cases to clients having fiscal residence outside Italy.

As the business traded by the Company is related to Unit Linked insurance policies, the underwriting risk is very limited.

The overall amount of premiums is reported within the audited Financial Statements of the Company, prepared in accordance with the International Financial Reporting Standards (IFRS), based on the following rules: for investment contracts, premiums and claims are not reflected in the statement of comprehensive income as written premiums, claims and benefit incurred, but rather are reflected in the Statement of Financial Position in the financial assets and liabilities in accordance with IAS 39; insurance contracts, premiums and claims are disclosed separately within the Financial Statements.

As the Company markets its products within the Italian market with one line of business only (Unit Linked policies), the following figures are related to the entire Company.

€/000	31/12/2017	31/12/2018	2018 vs 2017
Premiums Earned	1,525,923	630,945	-59%
of which classified as premiums within FS	*5,776*	*€4,467*	+23%
Claims and benefit incurred	1,243,961	1,190,375	-4%
Of which classified as claims within FS	*172,965*	*167,200*	-3%
Unit Linked Fund at the beginning of the year	6,446,059	6,700,283	+4%
Unit Linked Fund at the end of the year	6,700,283	5,682,438	-15%

The amount of premiums earned in 2018 is significantly below the level of the previous year, due to adverse financial markets conditions, in particular during the second part of the year, a circumstance which usually affect clients' behaviour when it comes to considering the subscription of products like unit linked policies. Such trend is consistent with the market and the overall performance of the Company's distributor.

A decrease in the amount of Claims and benefit incurred has not been able to offset the reduction within the premiums amount, and remained more or less at the same level of 2017.

A.3 Performance from investment activities

In consideration of the nature of the products sold by the Company, no investment risk is taken by the Company on behalf of policyholders or shareholders. The policyholders bear the investment risk in relation to linked assets and the Company's role is to manage policyholder assets in accordance with the investment policies established for each internal fund. Shareholders' own funds assets are invested in cash, Government Bonds and monetary mutual funds with an aim to have high liquidity and to preserve the capital position of the Company. The returns from such assets are reported as Investment Income within the Statement of Comprehensive Income while the effect deriving from the fair value evaluation at each year end is reported as Other Comprehensive Income and recognised in equity. In 2018 the overall investment income of the Company is not material, being equal to about €23 k (€15 k in 2017).

AZ Life does not hold any investments in securitisations.

A.4 Performance of other activities

AZ Life's only activity is to carry on unit-linked business as reported within the section A.2

As a consequence the Company derives its source of income as fees and commission from the unit-linked internal funds, which are netted of any fees to be paid to the distributor.

€/000	31/12/2017	31/12/2018
Fees earned	€ 110,950	€ 107,369
Fees paid	€ 72,649	€ 71,965

The fees earned, and the corresponding amount paid to the distributor, are aligned to last year's result, despite the change in product structure and the reduction in assets under management experienced during 2018.

€/000	31/12/2017	31/12/2018
Administration Expenses	€ 8,629	€ 8,390

As far as the administration expenses are concerned, the actual figure for 2018 is lower compared to last year, despite the increased number of activities and staff. The reduction is mainly due to the conclusion of some major projects undertaken in 2017.

A.5 Any other information

No other relevant information to be provided.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

B.1.1 Overview

The Company is classified as a Medium High Risk firm under the Central Bank of Ireland ("CBI")'s risk-based framework for the supervision of regulated firms, known as PRISM or Probability Risk and Impact System. The Company is subject, in relation to its governance, to the provisions of the Companies Act of 2014 and the CBI's Corporate Governance Requirements for Insurance Undertakings of 2015.

The Board of Directors of the Company retains ultimate responsibility for the oversight of the business and the definition of the Company's general strategies and risk appetite. The implementation of the strategy is mandated to the executive management in Dublin.

B.1.1.1 Board of Directors

As of 31.12.2018, the Board of the Company was comprised of seven directors, among whom two executive (PCF 1) and five non-executive (PCF 2), including two Independent Non-Executive Directors ("INED's"). Meetings are validly held and resolutions passed with a majority of the members of the Board.

The Board of AZ Life, as of 31.12.2018, was so composed:

1. Marita Freddi – Chairperson (PCF 2 and PCF 3)
2. Filippo Fontana – General Manager (PCF 1 and PCF 8)
3. Giacomo Mandarino – Chief Risk Officer (PCF 1 and PCF 14)
4. Paul Dalton - Chair of Audit Committee (INED, PCF 2 and PCF 4)
5. Clive Kelly - Chair of Risk and Compliance Committee (INED, PCF 2 and PCF 5)
6. Claudio Basso - (PCF 2)
7. Joao Gomes Sequeira – (PCF 2)

B.1.1.2 Company Secretary

Matsack Trust Ltd., with registered office in 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

B.1.1.3 Committees

The Company has established the following Committees:

- Audit Committee;
- Risk & Compliance Committee, with two separate sessions covering Risk and Compliance topics respectively;
- Products Committee; and
- Investment Committee.

The Chairman of the Audit and the Risk & Compliance Committee systematically reports to the Board on any matters discussed by the respective Committee, thus ensuring adequate visibility of any relevant issues by all Directors. Furthermore, minutes of the Investment and Products Committee are presented for noting at each relevant Board meeting, unless specific decision is required by the respective terms of reference to be resolved at Board level. In such circumstances a dedicated agenda item is arranged within the Board meeting and proper discussion is taken and minuted and the Directors resolve accordingly.

Audit Committee

The Audit Committee is made up of three non-executive directors, the majority of whom being independent, in accordance with the provisions of the 2015 Corporate Governance Requirements for Insurance Undertakings. It resolves with a majority of votes. The Chairman of the Audit Committee is one of the two INEDs of the Company, currently Mr. Paul Dalton. The composition of the Audit Committee is as follows:

- Paul Dalton (Chairman)
- Clive Kelly (Member)
- Joao Gomes Sequeira (Member)

The Audit Committee is governed by specific Board approved terms of reference ("TOR") that regulate the functioning and competences of the Audit Committee, ensuring its independence. For instance, the Audit Committee is granted reasonable and adequate resources to seek expert professional advice where required in order for the Committee to discharge its responsibilities.

The Audit Committee has the following main competences:

1) Monitors the effectiveness and adequacy of the company's internal control, internal audit and IT systems;
2) Monitor the financial reporting process and submit recommendations and proposal ad appropriate;
3) Liaises with the external and internal auditor particularly in relation to their audit findings;
4) Reviews the integrity of the Company's financial statements and ensuring that they give a "true and fair view" of the Company's financial status;
5) Reviews any financial announcements and reports and recommends to the Board whether to approve the institution's annual accounts;
6) Assesses the auditors' independence and the effectiveness of the audit process.

The Audit Committee assists therefore the Board in discharging its responsibilities for:

- The integrity and reliability of the Company's financial statements;
- The effectiveness of the Company's audit activities, in the framework of the Company's overall risk management system;
- The monitoring of effectiveness, independence and objectivity of the external auditors and the other subjects involved in the audit functions of the Company.

Risk and Compliance Committee

The composition of the Risk and Compliance Committee ("R&CC") is as follows:

- Mr. Clive Kelly (Chairman)
- Mr. Paul Dalton (Member)
- Mr. Giacomo Mandarino (Member)
- Mr. Filippo Fontana (Member)
- Mr. Joao Gomes Sequeira (Member)

The Chairman of the R&CC is an INED of the Company, currently Mr. Clive Kelly.

The R&CC is also governed by specific terms of reference ("TOR") that regulate its functioning and competences, ensuring its independence.

In relation to Compliance, the R&C Committee has the following main competences:

1) Reviews the framework established by the Company for monitoring compliance with laws and regulations and the results of management investigations for any non-compliance;
2) Periodically considers the duties and responsibilities of the Compliance Function and evaluates its role in confirming that regulatory and legal obligations are being met;
3) Ensures that a regular compliance update is produced and reviewed by the Compliance Officer of the Company, reporting any material issues, which may for example, negatively affect the Company's reputation, to the Board; and
4) Ensures that reasonable and adequate resources are made available to the function.

In relation to Risk, the R&CC is responsible for the following:

a) Overseeing and providing advice to the Board on the risk exposures of the Company and future risk strategy.
b) Advise the Board on risk appetite and tolerance for future strategy, taking account of the Board's overall risk appetite, the financial position of the Company and, drawing on the work of the A&C Committee, the External Auditor, the Head of Actuarial or any outsourced key service provider and the capacity of the Company to manage and control risks within the agreed strategy.
c) Oversee the Risk Management Function.
d) Ensuring the development and on-going maintenance of an effective Risk Management System within the Company effective and proportionate to the nature, scale and complexity of the risks inherent in the business.
e) Advising the Board on the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the institution.

The R&CC assists therefore the Board in:

a) the monitoring and assessment of effectiveness of the Company's Risk Function, in the framework of the Company's overall Risk Management System;
b) The monitoring of effectiveness, independence and objectivity of the Risk and Compliance Function and of any other subject, internal or external (Head of Actuarial, auditors) involved in the assessment of the Risk and Compliance function of the Company, the Company's Risk profile and/or its overall Risk Management System.
c) The implementation of the Company's risk strategy and maintenance thereof.
d) The oversight of any issues having a potential impact on the risk and/or compliance profile of the Company.

Products Committee

In 2018 the Company revised the Products Committee, which became an executive committee, reporting to the Board, with responsibilities to discuss and analyse any of the following matters:

1. General product offer of the Company, range of products and possible changes, enhancements or improvements;

2. Analysis of characteristics and performances of products, including without limitation, in case of changes, pricing review, in accordance with the applicable Investment Policy of the internal funds;
3. Possible amendments, whether required by changing market or regulatory conditions, or due to requests. Where the amendment is considered material, subject to the prior discussion and approval at the Board. For this purpose:

   Material is any amendment that can negatively impact on profit/profitability and/or on the future liquidity or capital position of the Company in a significant manner. For this purpose, significant is an impact that would be considered such by a reasonable person, in a sound and prudent management perspective. The Company will consider material any new products that are not similar by nature and characteristics to existing or previous products (e.g. in terms of profitability, nature of product and applicable rules).

4. Performance benchmarks setting and regular performance review vs. these benchmarks;

5. Product Oversight and Governance (POG) requirements, in line with IDD; and

6. Oversight of the unit pricing operations and reviewing regular reporting over the application of the asset evaluation policy.

The Products Committee is expected to cover the key areas of the new products assessment and oversight, including the identification of the target markets and the process in place to assess the clients are fairly treated, being the members expected to be able to contribute actively to any discussion or assessment based on expertise in any of the following areas:

a. Risk / Actuarial
b. Legal, with regard to the legal / regulatory framework of any involved jurisdiction;
c. Finance and Accounting.
d. Portfolio Management and asset allocation.
e. Marketing and Operations.

In addition, where considered appropriate by the Chairman or any other members, the Committee is authorised to obtain external professional advice and to secure attendance of anyone it considers having the required expertise in specific technical matters related to the creation / monitoring of products or to any of the other matters for which the Committee is competent.

Investment Committee

In 2018 the Company revised the Investment Committee, which became an executive committee, reporting to the Board, with responsibilities to discuss and analyse any of the following matters:

1. Economic scenarios, threats and opportunities of investment.
2. Current and envisaged portfolio allocation, consideration of possible changes.
3. Performance analysis.

The members should be able to contribute actively to any discussion or assessment based on expertise in any of the following areas:

a. Portfolio Management and asset allocation.
b. Economic and financial analysis
c. Risk

d. Products (of the Company, the Group or third parties).

The current members of the committee are as follows:

- Chief Investment Officer (Chair)
- CEO - General Manager (Member)
- CRO (Member)

Control Functions

The Company has established four independent key control functions as per the Solvency II regime and the Corporate Governance Requirements for Insurance Undertakings:

1. Risk Management
2. Compliance
3. Actuarial
4. Internal Audit

Individuals with specific competences are in charge of these functions within the Company (Risk Management and Compliance) or the Group (Head Internal Audit, a member of the Holding Risk function), whereas the Actuarial function is outsourced and entrusted to Mr. Michael Culligan (Milliman), being the Head of Actuarial Function (PCF 48).

Chief Risk Officer ("CRO", PCF 14)

The role of CRO is mandated to Mr. Giacomo Mandarino who is also an executive Director and a member of the Risk & Compliance Committee and Products and Investment Committees, thus ensuring direct reporting and interaction at Committee and Board level on risk related matters.

The main responsibilities of the CRO include:

1. The oversight of the Company's Risk Management Framework;
2. Monitoring risks and regularly reporting thereon to the Risk Committee and/or the Board, as relevant; and
3. Liaising with all relevant parties (Head of Actuarial Function, General Manager, Chief Financial Officer, Head of Compliance) ensuring, among other things, that the annual Own Risk Solvency Assessment ("ORSA") is prepared and updated as required and submitted to the Board for consideration and, if thought fit, approval.

Head of Compliance – AML Responsibilities (PCF 15)

The Company has appointed Mr. Davide Cesaro as dedicated Head of Compliance with AML Responsibilities (PCF 15). The Head of Compliance reports to the R&C Committee and to the Board and is responsible for the implementation and oversight of the general compliance plan and compliance strategy of the Company.

The responsibilities of the Head of Compliance include:

1. Monitoring compliance within the company and its outsourced service providers, making recommendations where required;
2. Reporting on significant instances of non-compliance to the R&C Committee and/or the Board

3. Monitor any changes affecting compliance and any regulatory changes and inform the Company and/or its outsourced service providers as relevant, where such changes have implications for the Company's processes.
4. Assisting in any correspondence with the CBI and any other Authority.

The R&C Committee and the Board oversee the risk based compliance plan and the outcomes thereof.

The Company draws upon external Compliance and Risk support services as needed.

Head of Actuarial Function (PCF 48, Outsourced)

The role of Head of Actuarial Function ("HoAF") is outsourced to Mr. Michael Culligan, a Principal with Milliman.

Head of Internal Audit (PCF 13, Outsourced)

The role of Head of Internal Audit Function is outsourced to the manager of the Group Internal Audit (Mr. Roberto Bolgiani). In this task, the Head of Internal Audit is supported by a team of Deloitte (Milan).

The Internal Audit Function provides an independent and objective service for the auditing of any relevant areas of activity.

B.1.2 Main Changes in Governance Structure

During the year the Company implemented additional measures to enhance its overall governance structures, following years of rapid and significant growth:

1. considering and finalizing the re-arrangement of some of the PCF functions within the Company to improve the following areas: compliance, business/competition and human resources. In particular, such process involved the role of General Manager (PCF-8), CFO (PCF-11) and Head of Compliance with AML Responsibilities (PCF 15) with the designation of new person, both internal and external; and
2. Reinforcing some other areas of the Company, such as Investment and IT with additional resources to support the growth.

B.1.3 Remuneration Policy and Practices

The Company remunerates its resources based on the skills and experience, on one hand, and the dedication and results, on the other hand, as well as based more in general on the overall contribution brought to the Company and its business.

For this purpose, it is normally provided that each employee receives a fixed salary and, to a smaller extent, a variable remuneration, depending on the results obtained in areas such as:

1. General conduct;
2. Sense of responsibility and capability to understand and solve problems;
3. Competence shown and work completed, for the overall enhancement of the area of respective expertise ;
4. Interaction with other employees ; and
5. Improvements brought to the Company

The Company provides a range of benefits to employees, including contractual salary, paid holidays and other variable arrangements for the provision of benefits such as health insurance, accommodation expenses contribution or education-related contributions.

The Company encourages the adherence of employees to supplementary pension or early retirement schemes, for instance accepting, in specific cases, to contribute to any payments into such schemes in a specific proportion and up to a certain amount.

The Company does not follow any policy or practices that could encourage "short termism" or excessive risk taking. For instance, most managers are shareholders of the holding company of the Group (Azimut Holding) and bound by a long term shareholders' agreement, which encourages a process of decision making oriented to long-term as opposed to short-term goals, ensuring more attention is dedicated to sound and prudent management in a long-term perspective. As a consequence, no manager (or employee) in the Company would feel pushed to inflate results or obliged to increase performance every year, even though the Company has effectively experienced significant growth year on year, in terms of both Assets Under Management and revenues, since 2009.

The Remuneration Policy is applied and administered under the supervision and responsibility of the Chairperson of the Company.

B.1.4 Material Transactions

There were no material transactions with the Shareholder, with persons who exercise a significant influence on the undertaking and / or with members of the administrative, management or supervisory bodies in the Company.

The integration of the Risk Management, Internal Audit and Compliance functions into the organisational structure and the decision making process of the Company is reported within the section B5.

B.2 'Fit and Proper' Requirements

The Company has adopted a Fitness and Probity Policy, which sets out the due diligence checks that must be carried out for any PCF or CF holder or applicant.

For this purpose, any candidate PCF or CF needs to comply with the standards required under the Fitness and Probity Regime introduced with the Central Bank Reform Act of 2010, and any successive integration, modification or implementation.

In particular, any PCF or CF holder or applicant needs to have the necessary skills, experience and qualifications appropriate to their position in accordance with the CBI Guidelines and CBI's guidance on Fitness and Probity Standards of 2014.

Areas that are to be considered for this purpose include:

- Competence and Capability.
- Honesty, Integrity and reputation;
- Financial Soundness;

This is further implemented through the following:

- Identification;
- Compliance with the minimum competency requirements;
- Professional Qualifications;

- Continuous Professional Development;
- Interview and application;
- References;
- Records of previous experience;
- Concurrent Responsibilities; and
- Individual Questionnaire and candidates' declaration (e.g. engagement letter).

For PCFs, further scrutiny is given to the following aspects:

- Experience, including at Board level
- Capability to understand the business in all its aspects
- Capability to see and manage risks for the organization
- Expertise and expected specific contribution to the Company or its Board (e.g. specific skills in actuarial, legal, commercial or financial matters)

The appointment of a PCF holder is further conditional upon the CBI's approval and, additionally, on a yearly basis all PCF's (and CF) holders are requested to confirm they still meet the fitness and probity requirements. Further, on a yearly basis the PCF holders are subject to specific assessment e.g. through the Board Performance review, which is conducted both on the Board as a collective body and on the individuals.

B.3 RISK MANAGEMENT SYSTEM

The Company has implemented a Risk Management Policy that defines the guidelines for the Company's approach to Risk Management. The Company has a simplistic operating environment with close collaboration between all stakeholders involved in the activities of the Company. Such a close risk environment enables an early identification of risks, allowing to address and manage risks in a timely manner.

The risk landscape considers the key risk categories according to the Solvency II Directive, those in respect of life assurance and those specific to the Company's risk profile and its business model. The Risk Management Function closely collaborates with the Compliance Function to monitor the legal, regulatory and supervisory environment to determine, together, the identification of any new risks.

The Risk Management System (the "RMS") is underpinned by the core risk management policies according to the requirements of the Solvency II Directive, namely, but not limited to: Risk Management policy, underwriting and reserving, asset-liability management, investment, liquidity and concentration, market abuse, operational, ORSA, reinsurance and other risk mitigation techniques. The policies are reviewed, and revised if necessary, on a periodic basis by the Board.

A core element of the RMS is the Board approved Risk Appetite Statement (the "RAS"). The RAS is reviewed no less than annually and is periodically examined in such instances as the regular ORSA Report, also part of the RMS. Together these elements ensure that the Company has a regular and thorough approach to monitoring the status of the Company's risk related matters.

The RMS is integrated into the organisational structure and in the decision making processes of the Company with proper consideration of the persons who effectively run the undertaking or whom hold key functions.

The RMS includes the following:

- strategic decisions set by the Board and policies on risk management;
- definition of the Company's risk appetite and overall risk tolerance limits; and
- identification, measurement, management, monitoring and reporting of risks.

The Company's Risk Management Framework (the "RMF") enables the Board and management to understand and appropriately manage and mitigate the risks associated with the Company's objectives over the short, medium and long term, together with the overall level of risk embedded within the function and operational processes and activities of the Company, including those which are the subject of outsourcing arrangements. Risk Management function is responsible for developing the RMF in terms of Key Risk Indicators (covering financial, underwriting and operational risks), monitoring and reporting, guidelines, consistently with the Company's risk appetite.

The RMF is intended to reduce, but cannot eliminate the range of possibilities, which might cause detriment to the Company. Similarly, the RMF cannot provide protection with certainty against any failure of the Company to meet its business objectives, or guard against material errors, losses, fraud or breaches of laws and regulations.

Taking all of these factors into account the RMF is intended to provide reasonable assurance that the Company will conduct its business in an orderly and legitimate manner on a continuing basis and that reasonably foreseeable circumstances will not prevent, or limit, the Company from achieving its business objectives.

The business strategy of the Company is to provide life assurance products on a freedom of establishment basis, primarily in the Italian market. The risk strategy of the Company is to provide "capital light", low risk products with sustainable profitability. Investment risk is borne by policyholders and not by the Company, as emphasized by its "No Guarantee Principle". The Company limits investment risk on its own funds.

As an integral part of the Risk Management Framework, the Risk Management Function monitors risks faced by the Company on a continuous basis. This includes emerged and emerging risks. The risk identification exercise is carried out on a no less than annual basis.

The risk identification process broadly follows the below steps:

- identify and list all the risks for which the Company is exposed to;
- filter the list of risks to those which are quantifiable; and
- from the list of quantifiable risks, assess the materiality of these risks, based on quantitative and qualitative criteria.

The risk identification process involves all the senior management of the Company. In particular:

- the CRO is responsible for identifying the risks faced by the Company ;
- the CRO reports these risks to the senior management (CEO and CFO and Operations Manager) who ensure that all of the risks are identified; and
- the CRO quantifies the risks after consulting with the other senior management and ensures consistency with the risk appetite of the Company.

The risks are defined and quantified in a Risk Register and presented to the Risk and Compliance Committee (R&CC) with key risks reported by the Chair of the Committee to the Board of Directors, who, after due care and attention and challenge, approve the document.

The Board sets the overall business strategy of the Company and the CRO sets the Risk Strategy of the Company, as approved by the Board. The Risk Management Function is one of the four key control functions maintained by the Company and is an integral part of the Company's "three lines of defense".

The CRO is responsible for the implementation of the RMS, promoting a culture of risk awareness and reporting throughout the Company and its operations.

The Company adapts to new product development as demanded from its policyholders and distribution networks. Risk Management is an integral part of any new product development, with the CRO being a member of the Products Committee. In particular the evaluation of product pricing and the associated risks, including operating within the Company's risk appetite, tolerance and limits, and the assessment of own funds and solvency margin are required to support same. Whilst decisions on new products and changes to existing products are delegated to the Products Committee and, where appropriate, to the Board of Directors, the CRO must give its sign-off before discussions and decisions take place.

The RMS is integrated in to Board level decision making whereby the CRO, in addition to being a member of the Risk and Compliance Committee, is also an active Board Member. Such arrangement ensures that Risk is well represented within the Board and hence decision making level.

The Board of Directors is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Undertaking's risk appetite and overall risk tolerance limits as well as approving the main risk management strategies and policies.

The Board should ensure that such strategic decisions and policies are commensurate with the Company's nature, scale and complexity and any specificities as required by its Group. The Board ensures that the specific operations, which are material, and associated risks of the Company are covered and that an integrated, consistent and efficient risk management framework is put in place.

The Board has established a Risk and Compliance Committee that adopts Board approved terms of reference. The primary role of the R&CC, with regard to risk, is to advise the Board on risk appetite and tolerance for future strategy, taking into account the Board's overall risk appetite, the current financial position of the Company. The R&CC also draws on the work of the Audit Committee, the external Auditor and the internal requirements of the Group, as well as assessing the capacity of the Company to manage and control risks within the agreed strategy. The R&CC oversees the effectiveness of the RMF, which is managed on a day to day basis by the CRO. The R&CC advises the Board on the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company.

The Company adopts the Standard Model with respect to calculating its Solvency Capital Requirements (the "SCR") in accordance with conditions required of a life assurance Company under the Solvency II Directive. Own funds are managed in accordance with the Board approved Capital Management Policy.

The outputs of the SCR by key risk categories are assessed against the risk appetite, tolerance and limits set by the CRO as approved by the Board in the context of the overall RMS. Any risk areas that fall outside of certain limits set within the RAS are identified and reported upon to the relevant authority levels set with the RAS (i.e. to the Risk & Compliance Committee, Board and eventually Central Bank of Ireland when appropriate).

No less than annually the Company performs, as part of its submission of annual Solvency II QRTs, a full calculation of its technical provisions and Solvency needs, as determined by the Head of Actuarial Function and the supporting actuarial team. On a quarterly basis, as part of the Company's regulatory reporting, the Company monitors the solvency ratio and the CRO reports to the R&CC on the Risk Appetite limits. In addition, the CRO regularly reports to the R&CC and Board on items that, through the ORSA Process, have been identified as items that 'might' have an adverse impact on the Company's Solvency Margin, such items include, but are not limited to: product mix and the impact to liquidity and profitability, and the Italian tax prepayment asset held by the Company.

B.4 ORSA

The Company maintains a Board approved ORSA Policy that establishes guidelines to enable the Company to issue its ORSA of its current and future risks through a dynamic, forward looking, risk self-assessment process. Stress and scenario testing, approved by the Board of Directors after a thorough discussion, is an integral and important component used in the Company's determination of its own capital needs. Stress and scenario testing sets and evaluates the adequacy of its internal targets and operating capital and liquidity level throughout the business planning cycle.

The ORSA serves as a tool to enhance the Company's understanding of the interrelationships between the business strategy, its risk profile and capital and liquidity needs. The ORSA considers all reasonably foreseeable and relevant material risks, is forward-looking and consistent with the Company's business and strategic planning. The ORSA also allows the Company to test its resilience under different scenarios, that are approved by the Board after a thorough discussion.

The ORSA process enables the Company to review its strategy and eventually amend its future business plans due to unforeseen changes in any of the following: underwriting, business mix, pricing of reinsurance, an increase or decrease in investment returns, concentration of risks or return of capital, business mix, to name a few.

The Board, as ultimate owner of the ORSA, set and subsequently challenge the assumptions and the output. In particular the Board verifies:

- the risk profile of the Company and the key drivers of the risk profile are in line, over the near future, with the approved risk appetite and tolerance limits;
- whether there is sufficient available capital and liquidity to support the current business plan and if the target capital and liquidity requirement are met;
- if there are risks that should be monitored more frequently;
- any material changes to the risk profile over the most recent period;
- risks not covered in the regulatory Solvency Capital, such as, reputational risk and strategic risks, and the significance of these risks;
- key sensitivities in the Company's Balance Sheet, notably its liquidity position, and in the Solvency Capital requirements;
- key drivers of expected profits; and
- the opinion provided by the Head of Actuarial Function to the Board.

In analysing the ORSA results, the BoD could decide upon management action and strategic decisions with the purpose to mitigate risks and ensure that capital requirements and obligations toward policyholders can be met even under unexpectedly adverse circumstances.

The CRO is the responsible for the governance of the processes and procedures in place to conduct the ORSA and will contribute to the ORSA by assessing the risks currently faced by the Company including short or long-term risk. The CRO will ensure the consistency between risk profile, approved risk tolerance limits and the overall solvency needs.

The starting date of ORSA process, which takes place at least annually, is aligned with the business planning cycle. A non-regular ORSA may be triggered by internal or external events, such as, but not limited to:

acquisition of another business, a market driven event, significant change in business mix and/or product offering, changes in risk profile or change in capital needs (i.e. an increase in capital).

An ORSA Report is prepared according to the minimum set of contents and requirements prescribed by the ORSA Policy and regulatory guidelines. The Compliance Function submits the ORSA Report, after the Board approval, to the Company's Supervisory Team at the Central Bank of Ireland, accompanied by the Director certification required within the timeframes prescribed.

The Head of Actuarial Function provides an actuarial opinion on the ORSA. The opinion addresses the following areas:

- The range of risks and the adequacy of stress scenarios considered as part of the ORSA process;
- The appropriateness of the financial projections included within the ORSA process; and
- Whether the undertaking is continuously complying with the requirements regarding the calculation of Technical Provisions and potential risks arising from the uncertainties connected to this calculation.

After the ORSA Report is approved by the Board of Directors, the CRO presents the ORSA's key findings to the Company's relevant staff, increasing the awareness of the interconnectedness of operational activities to the overall ORSA Process.

The Company's Internal Audit Function periodically reviews the ORSA Process with any improvements recommended therein.

The ORSA Process enables the Company to project and determine future capital and liquidity needs in order to sufficiently support decision making.

B.5 Internal Control System

The Company operates an Internal Control System hinging on 3 lines of defence.

In this model, a first level of control lies with the management, with a duty to own and manage activities and controls on the correct conduction of the same (management controls and internal control measures). In this sense, the management have responsibility for directly assessing, controlling and mitigating risk.

A second line of defence is represented by certain control functions, namely Compliance, Risk and Actuarial Function.

A third line of defence is represented by the Internal Audit, which through a risk based approach provides independent review, and therefore reassurance or suggestions for improvement, in relation to the activities and control measures implemented by the other functions, detecting possible weaknesses and reporting directly to the Audit Committee and/or the Board.

B.6 Internal Audit Function

The Head of Internal Audit Function is outsourced to the manager of the Group Internal Audit (Mr. Roberto Bolgiani). In this task, the Head of Internal Audit is supported by a team of Deloitte (Milan).

Audits are conducted based on an Internal Audit plan approved by the Board every year and the Internal Audit activities conducted, as well as their progression are reported directly to the Audit Committee, at least on a quarterly basis. The Audit Committee oversees therefore the Audit Plan, its implementation and any outcomes thereof.

The Board has appointed Mr. Filippo Fontana, in his former role as CFO and also after becoming General Manager, as internal referent for the Internal Audit activities, who is answerable to the Internal Audit for all the local coordination and therefore oversees the collection and timely submission of all required materials to the Internal Audit Function.

Internal Audit reports highlight any significant control failings or weaknesses identified, and in the latter case any remedial actions and timings agreed with the management of the Company. In this sense, any findings are shared with the management that must respond to those findings and recommendations. Matters that cannot be resolved through normal channels can be escalated to the Committees and the Board of Directors.

The Internal Audit function has direct access to:

- the day-to-day operations of the business and any functions, staff, documents and service providers of the Company; and
- the Audit Committee and the Board, which approves the Internal Audit Plan and is thereafter competent to hear on any progress thereon

The above described Internal Audit System ensures therefore full independence of the Internal Audit from the management and/or from the day-to-day operations of the business.

B.7 Risk culture

The Board of Directors and Risk Management Function promotes a positive and open risk management culture within AZ Life. AZ Life employees are encouraged and required to report and log any operational risk events, breaches, systems and control failures, etc. and to escalate events to their line manager, so that they can be examined and addressed appropriately.

A strong risk culture is further embedded within AZ Life through the following:

- The CRO is a member of the Board of Directors and the R&CC allowing him to promptly escalate any potential issue he is aware of and to take part in any strategic decision;
- The CRO is a member of the Products Committee, supporting the fair treatment of customers and identifying any potential changes in AZ Life's risk profile in case of changes in the product offering ;
- The CRO is involved in the material initiatives which may impact on the risk profile of the Company; and
- The CRO works closely with the senior management for the assessment and the review of the risks faced by the Company.

B.8 Compliance Function

The Head of Compliance regularly reports to the Risk and Compliance Committee and attends the Board meetings to report on any compliance matter.

Furthermore, the Compliance function:

a) Establishes the controls and monitoring tests required to ensure the compliance with the relevant rules at all times (identification). In case of findings / or omissions that represent a compliance breach, this is recorded in the compliance breach log and reported accordingly in the compliance report for the Risk & Compliance Committee and the Board.

b) Interacts with the staff, the top management and the R&CC. The Compliance (as well as Risk) Function reports directly to the Committees and the Board, independently from the executive management. The reporting activities take place in accordance with the Compliance Policy and other policies that protect the independence of function.

B.9 Actuarial Function

The function of Head of Actuarial Function ("HoAF") is outsourced to Mr. Michael Culligan (Milliman). The Company is also supported by a dedicated actuarial team at Milliman. The outsourcing of this arrangement adds both professional skills and independent oversight of the Company's Actuarial Function, and the possibility for the Company to obtain the level of resources required by any contingencies and or requirements as they may arise.

Internally, the HoAF is supported by Mr. Giacomo Mandarino (PCF1 and PCF 14), in consideration of his background as an actuary and of his long time experience in actuarial and risk matters.

The responsibilities of the HoAF include, but are not limited to, the following:

1. Reviewing and validating the calculation of the technical provisions for the Company, including:
    - ensuring appropriate methodologies, assumptions and models are adopted, discussed and understood by the Board;
    - assessing the quality and adequacy of data used, in particular, without limitation, to assess the consistency of internal and external data used in the calculation of technical provisions against the data quality standards as set in Solvency II;
    - informing the Board and keeping the Board updated on the reliability of calculation and on any changes that may be required; in particular, without limitation, the analysis of the movement in technical provisions, including the comparison of best estimates against experience.
2. Expressing an opinion on the underwriting policy (and other Risk related Policies) and the adequacy of any reinsurance arrangements;
3. Providing advice and support on the introduction of any new products or amendments of existing products that may materially affect the overall risk profile of the Company and/or its profitability;
4. Providing advice and support to the Company in the Risk Management system, in particular on the ORSA process, including financial consequences of stresses and scenarios and the modelling risk in respect of ORSA and Minimum Capital Requirements ("MCR")/SCR calculations;
5. Providing an opinion to the Board on aspects of the ORSA process.

The Head of Actuarial Function plays an active role within the Company's organisation. On a regular basis, currently monthly, a specific meeting is held at Company's head office when the senior management (usually CEO, CRO and CFO) share with the HoAF any update in relation to the ongoing obligation of the Company with reference to reporting towards the Supervisory Authority, to the Board and the Committees. He is also regularly invited to the Risk Committees and to the Board where actuarial and Solvency II matters are discussed. Apart from the above mentioned regular meetings, whenever the Company is investigating the introduction of new features to the existing products or the launch of new products, an ad-hoc meeting is convened to address any matters arising.

B.10 Outsourcing

The Company has chosen to outsource some of its functions and activities to take advantage of economies of scale and external expertise.

Resorting to outsourcing also allows the Company to have more flexibility in resources to be allocated for the proper discharge of the activities and for the assessment of quality of the service performed, with the possibility of a prompt but controlled replacement where needed, thus relieving the risk of any disruption or discontinuation in certain areas of activity. The Company currently outsources the following activities:

Actuarial	Milliman
Internal Audit	Azimut Group
Fund administration activities	Objectway
Policy administration activities	Previnet
IT	Sint IT Services S.A.
Secretarial Services	Matsack Trust
Staff and Payroll	Jefferson

All the above service providers are based in the EU (except Sint IT that is in Switzerland).

B.11 Adequacy of the System of Governance

Reviews of the corporate governance and the operations of the Board and its Committees continued in 2018. The Company has experienced significant and rapid growth and change in the past years and has undertaken and is committed to continue considering the adequacy of its system of governance on an ongoing basis, to consolidate and ensure at all times a sustainable growth of the business.

C. RISK PROFILE

The Company operates a low-risk business model that is supported by a robust Risk Management Framework that ensures risks are well understood and controlled. This is facilitated by the regular quantification of all risks and a culture that promotes the importance of risk management.

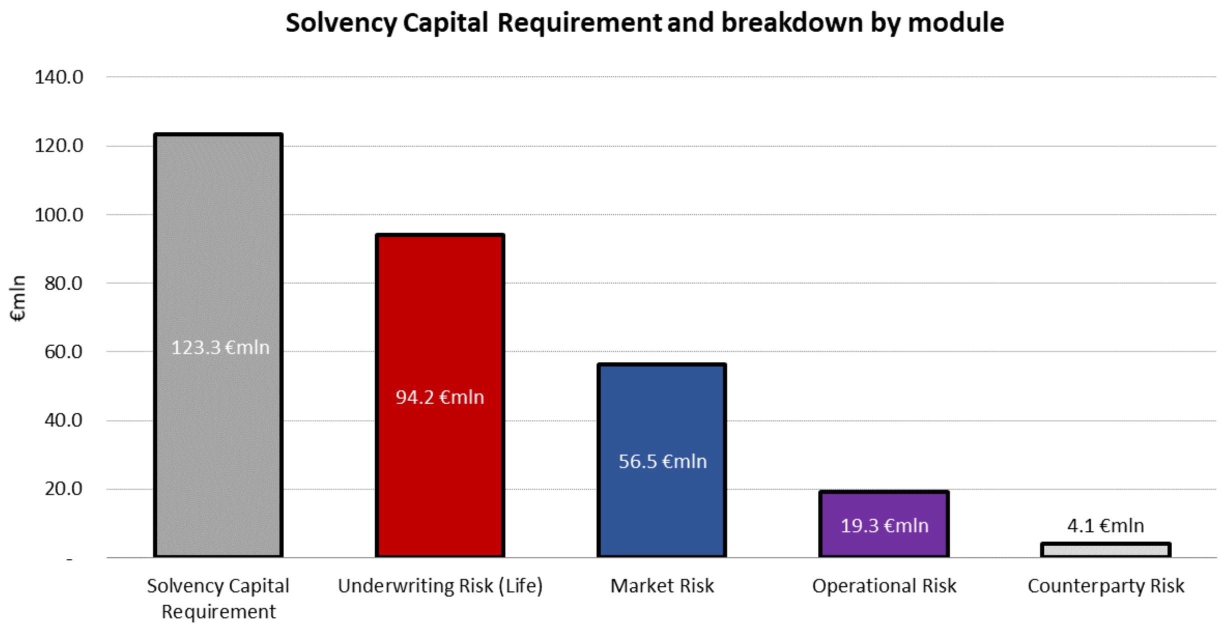
The Company's current strategy is to provide life assurance products on a freedom of establishment basis in Italy. The Company's exposure to the most relevant risks are considered in the following sections.

The Company focuses on increasing income by increasing the net assets under management. This is achieved by generating new business whilst reducing lapses. The Company does not aim at taking on any liquidity risk and so maintains appropriate capital assets and actions to cover this, as well as constantly monitoring this risk.

Under normal conditions, the Company has a minimum target on the Solvency II ratio set at 150% of SCR. The Solvency II ratio is calculated on a quarterly basis for regulatory requirements. It is also tested on a number of different scenarios within the ORSA process, mainly to understand and anticipate the consequences of potential adverse developments in the Company's risk profile.

The Solvency II ratio of the Company is resilient over a number of different scenarios tested within the ORSA, showing relatively narrow changes from the base position.

The composition of the Company's capital requirement is given below, divided by the relevant SCR modules.



An overview of the principal risks associated with the business including an outline of how they are each managed is provided below.

C.1 Underwriting Risk

Lapse Risk

The Company defines lapse risk as the risk that a higher (including mass events) than expected rate of lapses reduces the income generated by the Company. The Lapse SCR as of end of 2018 is €90.8 million, before diversification with other underwriting risks.

Lapses are affected by competition, investment returns and policyholders' needs amongst other things.

The Company's products generate positive annual income and hence give rise to an asset (technically a negative provision) on the Solvency II balance sheet in respect of the capitalised value of the projected future profit stream. This suggests that the adverse direction for lapses would be an increase. Both the immediate annual income and the capitalised value of projected future income would be reduced by an increase in lapses, especially a mass lapse one. However, the majority of the expenses would also be reduced and recoveries would be made also from the tax prepayment. In addition, although the own funds would decrease due to the fall in the capitalised value of future profits, the Company's SCR would also decrease due to the reduction in the amount of the future profit asset at risk. Stresses on increase and decrease of lapses are performed by the Company.

Mortality Risk

The Company defines mortality risk as the risk that the experienced mortality is higher than expected causing higher cash outflows. The mortality SCR as of the end of 2018 is €4.2 million.

The Company has a limited exposure to mortality risk as the level of death benefit offered is relatively low at present and a significant part of the risk is ceded to a primary reinsurer.

Expense Risk

The Company defines expense risk as the risk that unexpected relevant expenses will materialise in servicing insurance contracts. The Expense SCR as of the end of 2018 is €5.9 million.

C.2 Market Risk

The Company defines market risk as the risk arising from potential changes in market rates, prices or liquidity in various markets such as interest rates and spreads, real estate, currency, common shares and commodities. The Market SCR as of the end of 2018, after diversification among market risks, is €60.8 million.

The Company's business is 100% unit-linked without guarantees and there is no mismatching between assets and liabilities. The assets are invested according to the internal fund's investment policy.

Whilst a fall in AUM would reduce both immediate income and the capitalised value of the projected future income stream, it would also likely reduce some of the expenses and the associated SCR, so would not have a significant impact on the Company's solvency position.

C.3 Credit Risk

The Company defines credit risk as the risk that some or all of the monies owed to the Company may remain unpaid or be paid in part and/or with a considerable delay. The Counterparty SCR as of the end of 2018 is €4.1 million. Counterparty risk for the Company is limited to banking relationships, policyholders' exit tax prepayments made to the Italian Tax Authority, reinsurance and management of its own funds. The Company invests the vast majority of such assets in highly liquid instruments and secure Government bonds. The Company has credit concentration risk, mainly due to its key asset being the prepayment of policyholders' exit tax paid to Italian Tax Authority. The level of concentration is higher at payment date and decreases during the remaining months between payment dates.

C.4 Liquidity Risk

The Company defines liquidity risk as the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk may arise due to illiquidity of the assets held to meet the cash flow requirements (commonly referred to as asset, market, or trading liquidity risk), but also due to insufficient funds being available to meet cash flow requirements (funding liquidity risk).

The Company is exposed to this risk which is not captured in Standard Formula but it is separately assessed. Liquidity risk is assessed in the yearly ORSA by projecting the liquid assets in the central scenario and in each of the alternative scenarios tested in order to assess the risk posed to the Company by liquidity exposure. Liquidity is also monitored on a monthly basis and it is managed according to the Company's Liquidity Risk Management policy that sets up both "hard limits" and "soft limits", aimed at anticipating any negative trend related to liquidity.

C.5 Operational Risk

The Solvency II Directive defines 'operational risk' as "the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events". The capital requirement for operational risk is therefore calculated using the formula specified in Article 204 of the Delegated Regulations, which for the Company equates to 25% of the amount of expenses incurred during the previous 12 months. The Operational SCR as of the end of 2018 is €19.3. It significantly increased in YE18 due to the inclusion of the ongoing distribution commission paid, in addition to the operational costs, within the expenses to be shocked for the Operational risk calculation. This change arises from an interpretation emerged as a result of the publication of a EIOPA Q&A during the end of 2018.

The process through which the Company's operational risk universe is determined and subsequently estimates of frequency and severity are assessed and captured in the Operational Risk Policy. The process safeguards the ongoing improvement of the control environment and ensures that operational risk is identifiable and mitigated as the Company grows.

The Company relies on the use of external parties to provide some services, for example policyholder administration and fund administration. The Company is therefore exposed to potential failure of these outsourcing partners. Such arrangements are closely monitored by the Company's Risk and Compliance Function(s) in accordance with the Outsourcing Policy and with regular reporting to the R&CC on the service level provided by Outsourcees.

The Company has identified cyber risk as a key risk category where financial loss, disruption or damage to the reputation of the Company from some sort of failure of its information technology systems might be possible.

The Company is endowed with various systems and levels of protection that significantly mitigate this risk including without being limited to :

- appropriate governance (policies, standards, guidelines and procedures);
- Network Operations Center (NOC)/Security Operations Center (SOC), monitoring and Incident response team;
- Data back-up and replications, data authentication and encryption;
- Physical control (swipe card, turnstiles and CCTV operation);
- cyber-attack protection and monitoring (Firewalls, IPS, URL filtering, antivirus, antispam etc.);
- Business continuity plan and disaster recovery tests;
- Patch management and server hardening.

C.6 Other Material Risks

There are many risks that the Company faces in its day to day activities. To identify and keep track of the risks, the CRO maintains a detailed risk register. In addition to the key risks identified previously the Company considers the following risk to be important:

Capital Requirement Risk

The Company defines Capital Requirement Risk as the risk that the Company does not have enough capital to cover the regulatory requirements.

The Company has a strong Capital position and the profitability of the Company with the ability to retain the annual profits helps the Company to have an adequate capital. All the scenario tested within the ORSA show that the resilience of the Company’s Solvency II ratio.

Strategy Business Model Risk

The Company defines Strategy Business Model Risk as the risk that the strategy of the Company becomes obsolete, too risky or unprofitable.

The Company has a low risk and prudent strategy to minimize the risk that wrong decision affect the business solidity. Also Azimut Holding has a long term strategy focused to align the needs of clients and distribution network.

Reputational Risk

The Company defines Reputational risk as the risk that an event could negatively impact on the reputation of the Company.

The Company is continuously focused on reputational risks that are robustly managed thanks to the different level of controls aimed at minimizing errors that could imply an impact on the reputation.

Governance Risk

The Company defines Governance risk as the risk that insufficient or inadequate governance arrangements could prohibit the compliance of the Company.

As a result of its growth, over the last years the Company has increased efforts and resources in the area of governance to secure a robust governance framework.

Business Continuity

The Company defines Business Continuity risk that as an unexpected event affects the Company's ability to manage the business.

The Company has in place various measures to mitigate this kind of risk, such as business continuity and disaster recovery plan including frequent server back-ups that compliment similar plans in place with outsourced service providers.

Key Person

The Company defines Key Person risk as the risk related to a sudden or unexpected departure of one or more key persons.

The Company has in place an adequate succession plan to mitigate such risk. There is also the possibility to ask to the Holding to support in case of need for the necessary period to find the appropriate resources or to use external consultants.

C.7 Other Information

Prudent Person Investment

The Company does not provide products where investment performance depends on a structured financial instrument and in general does not invest in structured products, or in illiquid assets.

The direct use of derivative instruments is permitted only for hedging purposes. They are mainly futures, used with the purpose of hedging the risk of the internal fund.

In every case the Company follows the "Prudent Person Principle" managing the asset of the clients and its own funds.

Risk Sensitivity

The Company performed a regular ORSA 2018 taking into account the impact of a series of different stress tests, as approved by the Board, to evaluate the Company's Solvency capability and the liquidity level of the Company under certain scenarios.

All stress tests gave a favourable results, showing Company's resilience both in terms of Solvency II ratio and liquidity needs.

D. VALUATION FOR SOLVENCY PURPOSE

The Company has one line of business only, single premium unit-linked whole of life products, for the purpose of regulatory reporting. A summary balance sheet as at 31 December 2018 is reported below and presented in accordance with regulatory reporting framework.

Amount in €/000	Section	Financial Statements (IFRS)	Solvency II Valuation	QRTs Code
ASSETS				
Deferred acquisition costs		1,475		R0020
Intangible assets		240		R0030
Property, plant & equipment held for own use	D.1.1	311	311	R0060
Government Bonds	D.1.2	548	548	R0140
Deposit other than cash equivalents	D.1.3		5,506	R0200
Assets held for index-linked and unit-linked contracts	D.1.4	5,405,585	5,682,438	R0220
Reins. rec. from Life index-linked and unit-linked	D.1.5		(2,779)	R0340
Insurance and intermediaries receivables	D.1.6		15,388	R0360
Reinsurance receivable			1,883	R0370
Receivables (trade, not insurance)	D.1.7	118,867	121,560	R0380
Cash and cash equivalents	D.1.8	292,224	9,865	R0410
Any other assets, not elsewhere shown		20,050	87	R0420
Total assets		**5,839,300**	**5,834,807**	R0500
LIABILITIES				
Technical provisions calculated as a whole	D.2		5,682,438	R0700
Best Estimate Liability	D.2		(200,377)	R0710
Risk margin	D.2		35,281	R0720
Technical provisions - index-linked and unit-linked		**5,682,438**	**5,517,342**	R0690
Deferred tax liabilities	D.3.1		21,320	R0780
Insurance & intermediaries payables	D.3.2	7,931	7,931	R0820
Reinsurance payables	D.3.3	178	178	R0830
Payables (trade, not insurance)	D.3.4	9,217	9,217	R0840
Any other liabilities, not elsewhere shown	D.3.5	1,482		R0880
Total liabilities		**5,701,246**	**5,555,989**	R0900
Excess of assets over liabilities		**138,054**	**278,818**	R1000

D.1 Assets

The valuation methodology of each type of asset within the regulatory balance sheet reported above is described within the respective section.

The Solvency II Balance Sheet does not include the following assets:

- Intangible Assets
- Financial and operating leases
- Deferred Acquisition Costs
- Deferred Insurance Liabilities

D.1.1 Property, plant and equipment

The amount of such assets is not material and refers to computer and office equipment used for the purpose of the business.

D.1.2 Government Bonds
The Government Bonds are valued at fair value using the quoted price in active market for the same asset.

D.1.3 Deposit other than cash equivalents
The Deposit other than cash equivalents are recognised at nominal value which is an appropriate approximation of the fair value.

D.1.4 Assets held for index-linked and unit-linked contracts
The value of the unit-linked internal funds related to the contracts issued by the Company is strictly based on the fair value of the underlying financial assets of each of them.

The measurement basis of the assets' fair value has been categorised into a fair value hierarchy as follows:

- Level 1 –Inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets.
- Level 2 – Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – the fair value is derived from valuation technique

Amounts in €/000	**2018**
Level 1	**615,074**
- Government Bonds	22,084
- Open Derivative Positions	12,442
- Shares	68,988
- ETF/ETC	511,561
Level 2	**4,790,510**
- Mutual Funds	4,664,122
- Corporate Bonds	125,511
- Index Certificates	877
Level 3	-
	5,405,584

This asset category also includes an amount of cash equal to € 276,854k

D.1.5 Reinsurance recoverables from: Life index-linked and unit-linked
The reinsurance recoverable is equal to the expected present value of future cash flows to be paid to and received from the reinsurer, including reinsurance profit share payments. As at 31 December 2018, the reinsurance recoverable was € (2,779)k.

D.1.6 Insurance and intermediaries receivables
The insurance and intermediaries receivable are non-derivative assets with fixed or determinable payments that are not quoted in an active market, which are held at an amount that is an appropriate approximation of the fair value.

D.1.7 Receivables (trade, not insurance)
These receivables assets are non-derivative assets with fixed or determinable payments that are not quoted in an active market, which are held at an amount that is an appropriate approximation of the fair value. The amount also includes €113.6 million as Italian prepayment tax asset.

D.1.8 Cash and cash equivalents

Cash and cash equivalent include cash deposited with banks and held at call.

D.2 Technical Provision

Technical provisions includes the Best Estimate Liabilities ("BEL") and the Risk Margin. As reported above, AZ Life has a single material line of business, single premium unit-linked whole of life products. The table below reports the various components.

The resulting valuation of the technical provisions under Solvency II represent a realistic estimate of the Company's future obligations with an allowance for some deviation for plausible changes in the estimates, in the form of the risk margin. They are expected to be sufficient to meet the Company's obligations in all scenarios.

The technical provisions under IFRS are split between "Insurance Mathematical provisions" for € 177,068k and "Investment contracts liabilities" for €5,505,370k, while under the Solvency II valuation the entire amount of €5,682,438k is reported under "Technical provisions calculated as a whole". The Risk Margin of € 35,281k and the (negative) Best Estimate Liability amounting to € -200,378k, are also reported individually under Solvency II, in template S.02.01.

Amount in €/000	UL business
Technical provisions calculated as a whole	5,682,438
Best Estimate Liability	(200,377)
Risk margin	35,281
Technical provisions - index-linked and unit-linked	**5,517,342**

<u>Best Estimate Liability</u>

The BEL is the expected present value, discounted at the risk-free rate, of the probability-weighted average projected future cash-flows.

The calculations have been performed on a best estimate, in accordance with Articles 75 to 86 of the Solvency II Directive. With the exception of a stochastic evaluation of the contribution to the technical provisions from future performance fees, the BEL has been calculated on a deterministic best-estimate basis, with cash flows projected over an 80 year term.

The calculations do not make any allowance for transitional measures, but do take in consideration the specific assumptions made in relation to a board approved management action in relation to a mass lapse scenario.

<u>Risk Margin</u>

The risk margin is the cost of holding some of the components of the SCR over the lifetime of the obligations, with the cost of capital rate set at 6%. The projection of the SCR is the key input to this calculation.

It also represents an addition to BEL to ensure that technical provisions as a whole are equivalent to the amount required by the Company to meet insurance obligations.

The Company does not apply the matching adjustment and volatility adjustment referred to in Article 77b and 77d, respectively, of Directive 2009/138/EC.

The Company does not apply the transitional risk-free interest rate-term structure and transitional deduction referred to Article 308c and 308d, respectively, of Directive 2009/138/EC.

D.3 Other Liabilities

D.3.1 Deferred Tax Liabilities

Deferred taxes are computed in respect of the timing differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements, applying the tax rates in force in the years in which the aforementioned differences are expected to reverse.

As the BEL is calculated as considering the present value of the future cashflows of the Company, which is assumed to be equal to the future taxable profit, the deduction from the total value of unit funds increases AZ Life’s own funds compared to the statutory accounts basis, which is used to determine corporate tax. This impact is partly offset by the introduction of the risk margin.

The combined impact of these adjustments is €162 million net of reinsurance. A deferred tax liability of €21.3 million is set up on the Solvency II balance sheet in respect of this increase, reflecting the increase in own funds multiplied by the effective corporation tax rate (13.15% as at 31 December 2018).

D.3.2 Insurance & intermediaries payables

Financial liabilities are initially measured at fair value net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, which is equal to the fair value.

D.3.3 Reinsurance payables

The value of these payables has been determined in accordance with the section D.3.2.

D.3.4 Payables (trade, not insurance)

The value of these payables has been determined in accordance with the section D.3.2.

D.3.5 Others

AZ Life does not have any financial or operating leases as explained in section D.1 and does not have any liabilities for employee benefits. Accordingly, no disclosure has been made.

The deferred income liabilities have not been considered under the Solvency II.

D.4 Alternative methods of valuation

AZ Life does not use any alternative methods for valuation.

D.5 Any other information

As a result of the net profit earned during 2018 and given the expected positive cash flow, the Company intends to pay a dividend to its shareholder in mid 2019. The dividend proposed amounts to € 15 Million. This will reduce the Own Funds from €278,818k to €263,818k.

There is no additional material information regarding the valuation of assets and liabilities for solvency purposes.

E. CAPITAL MANAGEMENT

E.1 Own Funds

E.1.1 Objectives, policies and processes employed for managing own funds

The Company has a single shareholder, Azimut Holding SpA, and the called up capital is fully paid up. AZ Life has no debt financing, nor does it have any plans to raise debt or issue new shares in the short or medium term.

The Company's own funds are primarily invested in cash deposits in bank accounts and Government Bond. There is no intention to change the disposition of own fund items.

A Board approved Capital Management policy is adopted, whereby a provision to maintain a minimum level of Own Funds equal to 150% of the SCR has been included.

In addition, a minimum buffer of cash amount, set up within the Liquidity Risk Management Policy, should be kept at all times to face any potential liquidity shortfall. No capital is planned to be issued in the short or medium term.

On an annual basis, and having regarded to the results of stress tests applied to projections over the planning period included within the ORSA process, the Board will consider whether a dividend should be paid to remit any surplus of the capital over the level of mentioned above, having taken into consideration the liquidity needs. This was the case this year as per note D.5 above.

E.1.2 Analysis and details of own funds items

The table below reports the movements of the own funds items during the year.

Amount in €/000	2017	2018
Tier 1 unrestricted at beginning of the year		
Ordinary share capital (gross of own shares)	650	650
Other own fund items approved by the supervisory authority as basic own funds not specified above	9,350	9,350
Reconciliation reserve	181,587	244,447
Total Own Funds to cover SCR and MCR	**191,857**	**254,447**
Tier 1 unrestricted at the end of the year		
Ordinary share capital (gross of own shares)	650	650
Other own fund items approved by the supervisory authority as basic own funds not specified above	9,350	9,350
Reconciliation reserve	244,447	253,818
Total Own Funds to cover SCR and MCR	**254,447**	**263,818**
SCR	109,018	123,321
Ratio SCR	**234%**	**214%**
MCR	45,548	38,498
Ratio MCR	**559%**	**685%**
Reconciliation Reserve:		
Excess of assets over liabilities	254,447	278,818
Foreseeable Dividends	0	15,000
Other basic own funds items	10,000	10,000
Reconciliation Reserve	**244,447**	**253,818**

The additional item classified as Tier 1 unrestricted for the amount of €9,350k relates to the amount of all the capital contributions, for which the approval of such classification has been received from the CBI.

Such table reports the information in relation to the structure, amount and quality of own funds as of 31 December 2018, compared to the same structure of the previous year. It also includes the eligible amount of own funds to cover SCR and MCR classified by tier.

The reconciliation reserve represents retained profits and the difference between technical provisions for solvency purposes and the liabilities to customers under investment and insurance contracts reported in the financial statements.

The Company intends to pay a dividend to its shareholder in 2019, in relation to its 2018 year end. The dividend proposed amounts to € 15 Million. This will reduce the Own Funds from €278,818k to €263,818k.

E.1.3 Material differences between equity as shown in AZ Life's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The difference between the Company's equity as reported within the audited financial statements and the Solvency II own funds above is due to the BEL impact, risk margin, reinsurance asset and Solvency II deferred tax adjustment (see section D for further information on these items).

E.1.4 Basic own funds subject to transitional arrangements

No own funds of the Company are subject to transitional arrangements

E.1.5 Ancillary own funds

No ancillary own funds are included within the own funds amount.

E.1.6 Items deducted from own funds

No deductions have been applied to own funds and there are no significant restrictions affecting their availability and transferability.

E.1.7 Own funds

AZ Life does not have additional ratios to the ones included in template S.23.01.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR – Comparison with previous year end

Amount in €/000	2017	2018
Capital Requirement		
SCR	109,018	123,321
MCR	45,548	38,498

E.2.2 SCR Split by risk module

AZ Life's components of the SCR, calculated using the Standard Formula, are detailed within the table below and compared to last year figures.

Amount in €/000	2017	2018
Market Risk	68,714	56,460
Counterparty Default Risk	3,307	4,089
Life Risk	85,337	94,201

Diversification	(34,063)	(32,090)
Basic Solvency Capital Requirement	**123,295**	**122,661**
Calculation of Solvency Capital Requirement		
Operational Risk	2,157	19,251
Loss-absorbing capacity of deferred taxes	(16,434)	(18,590)
Solvency Capital Requirement	**109,018**	**123,321**

E.2.3 Standard Formula Simplification

The Company is not using any Standard Formula simplifications.

E.2.4 Specific parameters of the Standard Formula

The Company is not using any undertaking specific parameters.

E.2.5 Capital Add-ons

AZ Life does not have any capital add-ons or specific parameters applied to the SCR calculation.

E.2.6 MCR Input

AZ Life's MCR at 31 December 2018 is €38,498k.

The linear MCR is calculated as 0.7% of the index-linked and unit-linked obligations. The combined MCR is calculated as the lower of;

- The maximum of the linear MCR and MCR floor
- MCR cap which is 45% of the SCR

The Company's MCR is set at linear MCR value, being lower than the MCR cap of 45% of the SCR.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

AZ Life does not use the duration-based equity risk sub-module in the calculation of its SCR.

E.4 Internal Model Information

AZ Life is using the standard formula to calculate the Solvency Capital Requirement, so internal model is not used.

E.5 Non-compliance with the Minimum Capital Requirement and noncompliance with the Solvency Capital Requirement

AZ Life's capital exceeds both the MCR and the SCR throughout the reporting period.

E.6 Any other information

There is no additional information in relation to the capital management of the Company

APPENDIX 1 – REPORTING TEMPLATES

The table below reports the quantitative reporting templates (QRTs) to be included within the SFCR.

QRT Code	QRT Name	Reported / Not Reported
S.02.01.02	Balance sheet	Reported
S.12.01.02	Life and Health SLT Technical Provisions	Reported
S.23.01.01	Own funds	Reported
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula	Reported
S.28.01.01	Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity	Reported

APPENDIX 2: ANNUAL QUANTITATIVE REPORTING TEMPLATES

(Amounts in €'000)

QRTs: S.02.01.02 – Balance Sheet

		Solvency II value	Statutory accounts value	Reclassification adjustments
		C0010	C0020	EC0021
Assets				
Goodwill	R0010			
Deferred acquisition costs	R0020		1,475	
Intangible assets	R0030		240	
Deferred tax assets	R0040			
Pension benefit surplus	R0050			
Property, plant & equipment held for own use	R0060	311	311	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	6,054	548	
Property (other than for own use)	R0080			
Holdings in related undertakings, including participations	R0090			
Equities	R0100			
Equities - listed	R0110			
Equities - unlisted	R0120			
Bonds	R0130	548	548	
Government Bonds	R0140	548	548	
Corporate Bonds	R0150			
Structured notes	R0160			
Collateralised securities	R0170			
Collective Investments Undertakings	R0180			
Derivatives	R0190			
Deposits other than cash equivalents	R0200	5,506		
Other investments	R0210			
Assets held for index-linked and unit-linked contracts	R0220	5,682,438	5,405,585	
Loans and mortgages	R0230			
Loans on policies	R0240			
Loans and mortgages to individuals	R0250			
Other loans and mortgages	R0260			
Reinsurance recoverables from:	R0270	(2,779)		
Non-life and health similar to non-life	R0280			
Non-life excluding health	R0290			
Health similar to non-life	R0300			
Life and health similar to life, excluding health and index-linked and unit-linked	R0310			
Health similar to life	R0320			
Life excluding health and index-linked and unit-linked	R0330			
Life index-linked and unit-linked	R0340	(2,779)		
Deposits to cedants	R0350			
Insurance and intermediaries receivables	R0360	15,388		
Reinsurance receivables	R0370	1,883		
Receivables (trade, not insurance)	R0380	121,559	118,867	
Own shares (held directly)	R0390			
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400			
Cash and cash equivalents	R0410	9,865	292,224	
Any other assets, not elsewhere shown	R0420	87	20,050	
Total assets	R0500	5,834,807	5,839,300	

Liabilities				
Technical provisions – non-life	R0510			
Technical provisions – non-life (excluding health)	R0520			
Technical provisions calculated as a whole	R0530			
Best Estimate	R0540			
Risk margin	R0550			
Technical provisions - health (similar to non-life)	R0560			
Technical provisions calculated as a whole	R0570			
Best Estimate	R0580			
Risk margin	R0590			
Technical provisions - life (excluding index-linked and unit-linked)	R0600			
Technical provisions - health (similar to life)	R0610			
Technical provisions calculated as a whole	R0620			
Best Estimate	R0630			
Risk margin	R0640			
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650			
Technical provisions calculated as a whole	R0660			
Best Estimate	R0670			
Risk margin	R0680			
Technical provisions – index-linked and unit-linked	R0690	5,517,342	5,682,438	
Technical provisions calculated as a whole	R0700	5,682,438		
Best Estimate	R0710	(200,378)		
Risk margin	R0720	35,281		
Other technical provisions	R0730			
Contingent liabilities	R0740			
Provisions other than technical provisions	R0750			
Pension benefit obligations	R0760			
Deposits from reinsurers	R0770			
Deferred tax liabilities	R0780	21,320		
Derivatives	R0790			
Debts owed to credit institutions	R0800			
Debts owed to credit institutions resident domestically	ER0801			
Debts owed to credit institutions resident in the euro area other than domestic	ER0802			
Debts owed to credit institutions resident in rest of the world	ER0803			
Financial liabilities other than debts owed to credit institutions	R0810			
Debts owed to non-credit institutions	ER0811			
Debts owed to non-credit institutions resident domestically	ER0812			
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813			
Debts owed to non-credit institutions resident in rest of the world	ER0814			
Other financial liabilities (debt securities issued)	ER0815			
Insurance & intermediaries payables	R0820	7,931	7,931	
Reinsurance payables	R0830	178	178	
Payables (trade, not insurance)	R0840	9,217	9,217	
Subordinated liabilities	R0850			
Subordinated liabilities not in Basic Own Funds	R0860			
Subordinated liabilities in Basic Own Funds	R0870			
Any other liabilities, not elsewhere shown	R0880		1,482	
Total liabilities	R0900	5,555,989	5,701,247	
Excess of assets over liabilities	R1000	278,818	138,053	

QRTs: S.12.01.02 – Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance					**Total (Life other than health insurance, including Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations			Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010		5,682,438												5,682,438						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020																				
Technical provisions calculated as a sum of BE and RM																					
Best Estimate																					
Gross Best Estimate	R0030			(200,378)											(200,378)						
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040			(2,779)											(2,779)						
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050			(2,779)											(2,779)						
Recoverables from SPV before adjustment for expected losses	R0060			-																	
Recoverables from Finite Re before adjustment for expected losses	R0070			-																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			(2,779)											(2,779)						
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090			(197,599)											(197,599)						
Risk Margin	R0100		35,281												35,281						
Amount of the transitional on Technical Provisions																					
Technical Provisions calculated as a whole	R0110																				
Best estimate	R0120																				
Risk margin	R0130																				
Technical provisions - total	R0200		5,517,342												5,517,342						
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210		5,520,121												5,520,121						
Best Estimate of products with a surrender option	R0220		(200,378)												(200,378)						
Gross BE for Cash flow																					
Cash out-flows																					
Future guaranteed and discretionary benefits	R0230		6,417																		
Future guaranteed benefits	R0240																				
Future discretionary benefits	R0250																				
Future expenses and other cash out-flows	R0260		461,837												461,837						
Cash in-flows																					
Future premiums	R0270																				
Other cash in-flows	R0280		668,632												668,632						
Percentage of gross Best Estimate calculated using approximations	R0290																				
Surrender value	R0300		5,633,018												5,633,018						
Best estimate subject to transitional of the interest rate	R0310																				
Technical provisions without transitional on interest rate	R0320		5,517,342												5,517,342						
Best estimate subject to volatility adjustment	R0330																				
Technical provisions without volatility adjustment and without others transitional measures	R0340		5,517,342												5,517,342						
Best estimate subject to matching adjustment	R0350																				
Technical provisions without matching adjustment and without all the others	R0360		5,517,342												5,517,342						

QRTs: S.23.01.01 – Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	650	650			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	253,818	253,818			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	9,350	9,350			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	263,818	263,818			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	263,818	263,818			
Total available own funds to meet the MCR	R0510	263,818	263,818			
Total eligible own funds to meet the SCR	R0540	263,818	263,818			
Total eligible own funds to meet the MCR	R0550	263,818	263,818			
SCR	R0580	123,321				
MCR	R0600	38,498				
Ratio of Eligible own funds to SCR	R0620	214%				
Ratio of Eligible own funds to MCR	R0640	685%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	278817.86
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	15,000
Other basic own fund items	R0730	10,000
Adjustment for restricted own fund items in respect of matching adjustme	R0740	
Reconciliation reserve	R0760	253,818
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

QRTs: S.25.01.21 – Solvency Capital Requirement - for undertakings on Standard Formula

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	56,460	56,460	
Counterparty default risk	R0020	4,089	4,089	
Life underwriting risk	R0030	94,201	94,201	
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	(32,090)	(32,090)	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	122,661	122,661	

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	19,251
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	(18,590)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	123,321
Capital add-on already set	R0210	
Solvency capital requirement	R0220	123,321
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	

QRTs: S.28.01.01 – Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

		C0040
MCR_L Result	R0200	38,498

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230	5,484,840	
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		148,869

		C0070
Linear MCR	R0300	38,498
SCR	R0310	123,321
MCR cap	R0320	55,495
MCR floor	R0330	30,830
Combined MCR	R0340	38,498
Absolute floor of the MCR	R0350	3,700
Minimum Capital Requirement	R0400	38,498